CELENT

RIPTIDE INSURANCE COMPANY: BEATING THE TIDE

AN INSURANCE SOLUTION CASE STUDY

Benjamin Moreland
October 8, 2012

CONTENTS

EXECUTIVE SUMMARY

This case study describes how Riptide Insurance Company[1] (Riptide Insurance) was able to expand quickly into a new market leveraging Oceanwide's Bridge solution. Riptide Insurance's parent company is a global specialty property/casualty insurer, writing more than 30 lines of business. Riptide Insurance wanted to quickly expand into US yacht business with a new specialty product that could not be adequately supported by its existing legacy system or its parent company's solutions. The new market required an expedient implementation due to the seasonal nature of the yacht business.

Riptide Insurance is a broad specialty carrier with 100's of millions of dollars of gross written premium, did not have any yacht products prior to the decision to expand into this market in summer of 2011. Yacht insurance is a seasonal business, and Riptide Insurance needed a solution in place by the end of the year, or they would basically lose the entire year's opportunities to the competition. Riptide Insurance was able to select and begin implementing a yacht solution by early fall and was live in production by December of that same year, a total of eight weeks from selection to live implementation. A big reason for this very fast speed to market is Oceanwide's cloud-based offering of Bridge.

Oceanwide enabled Riptide Insurance to achieve this very aggressive go-live date, and Bridge has allowed them to grow beyond Riptide Insurance's original expectations, exceeding revenue forecasts within the first quarter. In addition, Riptide Insurance was able to take advantage of Oceanwide's "success-based pricing" that allowed Riptide Insurance not only the advantage of a lower upfront cost but also less financial risk and a greater "partnership" with the vendor—a commonly heard recommendation for success, but seldom achieved result.

---

[1] The Specialty insurer in this case study prefers not to be named explicitly and will be referred to as Riptide Insurance.

INTRODUCTION

This case study[2] describes how Riptide Insurance Company[3] was able to expand quickly into a new market leveraging Oceanwide's Bridge solution. Riptide Insurance's parent company is a global specialty property/casualty insurer, writing more than 30 lines of business and over a half billion dollars of gross written premium. Riptide Insurance wanted to quickly expand into US yacht business with a new specialty product that could not be adequately supported by its existing legacy system or its parent company's solutions. The new market required an expedient implementation due to the seasonal nature of the yacht business.

Riptide Insurance, one of the world's leading   specialty insurers and reinsurers.looked to partner with a vendor to deliver a solution to their brokers, customer service reps, and policyholders. Riptide Insurance expects that the customer experience supported by a vendor system will be the highest possible. Given the nature of the yacht insurance business, being relationship-driven, this interaction with the customer was of paramount importance when selecting a system.Riptide Insurance was looking to expand their US-based marine business, and one of the pieces missing was yacht insurance. While Riptide Insurance's parent company is a global specialty insurer and sells marine products globally, they did not have any yacht insurance products. Thus, neither Riptide nor its parent company had any yacht-specific systems or internal resources to lean on when selecting the appropriate system or product definition. They were able to bring on experienced resources in this area to make this endeavor successful.

The yacht insurance business is very seasonal, and the timing of acquiring new business leaves no flexibility. Once Riptide Insurance decided in the summer of 2011 to enter into this new market, they needed to select a system and have it in production by December. This included the full lifecycle of requirements gathering, system selection and procurement, design, implementation, testing, and deployment in less than six months. This is a daunting task for any insurance company for any line of business. Riptide Insurance selected Oceanwide to partner with to drive the program to a successful delivery.

Riptide Insurance was able to deliver the system with Oceanwide's assistance by mid-December and was also able to release additional functionality over the next several months as required by Riptide Insurance. The partnership has continued as Riptide Insurance adapts Bridge to the constantly-changing requirements in this new market so as to continue to drive growth..

---

[2] This report was commissioned by Oceanwide Inc., which asked Celent to design and execute a Celent study on its behalf. The analysis and conclusions are Celent's alone, and Oceanwide had no editorial control over report contents.
[3]This is a pseudonym. The specialty insurer in this case study prefers not to be named explicitly.

BUILDING THE HULL FOR SPEED

BUSINESS APPROACH

Riptide Insurance is a specialty insurance and reinsurance underwriter with a broad risk appetite across many lines of business. Riptide has a strong presence in the US market with hundreds of millions of dollars of gross written premium. Riptide Insurance strives for the highest level of service and underwriting across all their businesses. A key ingredient to their success is that all of their underwriters have extensive experience in the company's specialty areas.

Riptide Insurance has been growing steadily since it was formed, and continued growth is one of its top business goals. They leverage their US and global expertise and knowledge and financial strength to take advantage of opportunities as they arise. They are determined and focused to find new insurance and reinsurance solutions that meet the needs of brokers and clients.

Riptide Insurance did not have any insurance products in the yacht business, either in the US or globally. As with all their other endeavors, they knew that, to succeed in creating successful yacht insurance products, they needed to follow the same path that had brought them success in their other lines of business, namely, skilled and experienced resources in this new market. The yacht insurance business is relationship-based and requires experienced people.

As Riptide Insurance was building a yacht insurance team, it also knew it needed a robust and quality system to support this new business. There was neither time nor room for error to have a team or system that was going to mature on the fly. Both had to be designed and developed for speed. As they brought in the new team during the late summer, they had less than six months to select and deploy a new yacht insurance system into production. Riptide Insurance was careful in their selection of both the new yacht team and insurance system.

Some of the key requirements for Riptide Insurance, besides rapid deployment, were that the system needed to be web-enabled and externally facing. Riptide Insurance would have a small network of specialty producers selling yacht insurance, and the producers expected an Internet-enabled solution.

Riptide realized that it could not build a solution in the short timeframe. The company needed to handle submissions, rating, underwriting referrals, and document generation and integrate with its existing back end system. Thus, the focus was on a front end solution which could address and fill in the gaps missing from its existing legacy system, not a replacement for the back end system.

Riptide Insurance selected Oceanwide's Bridge system based on Oceanwide's prior success and willingness to partner with Riptide to design, develop and deploy a great solution into production in such a short time. Through the partnership, joint teams comprising Riptide Insurance and Oceanwide personnel were able to very quickly create the requirements. Oceanwide led the design and implementation due to their experience, domain expertise, and knowledge of the system; Riptide brought resources and business knowledge.

In approximately eight weeks, the joint team was able to launch in production a new yacht insurance product and solution for internal users. Two months later, the system was exposed to external producers. The solution was able to successfully process new business and feed it to the existing back end system.

SOLUTION APPROACH

As with any successful project, there are three key ingredients: people, process, and technology. Riptide Insurance brought on resources that were very knowledgeable of and experienced in the yacht insurance business. Some of these resources had existing knowledge of the Oceanwide Bridge product and felt it was the right technology solution for this endeavor. After a quick review of the available products, Riptide Insurance determined that Bridge was the only product that met all their key requirements, had the necessary resources available, and could meet the very aggressive timeframe they faced.

One of the keys to Riptide's ability to move forward quickly with confidence was that the new head of the yacht business had prior implementation experience. This enabled them to determine if a vendor solution had the right foundation to build on and drive an implementation plan that would be successful. Riptide Insurance felt that the Bridge product had 95% of the required functionality and that Oceanwide was both able to add and committed to quickly adding the missing pieces to the system.

Another key enabler to the quick speed to market deployment was Oceanwide's cloud-based offering of Bridge. One of the traditional "long poles in the tent" for most insurers is procuring and spinning up new infrastructure for development, testing, and production. Oceanwide was able to make the newly licensed Bridge solution immediately available to Riptide Insurance's staff through the cloud. There was no procurement of any new infrastructure or middleware required. Once the license was signed, incremental development was able to begin instantly because the requirements were defined. This not only facilitated a faster implementation but helped reduced the costs and risks associated with a new implementation as well.

Riptide Insurance, as mentioned earlier, believed a true partnership approach was another key to a successful outcome. They felt that Oceanwide took their requirements and needs very seriously and understood the need to be very picky about little details of the system due to its producer-facing implementation. Thus, a big focus was on the user experience.

Part of this partnership success is directly related to Oceanwide's "success based pricing." While many vendors offer traditional license solutions that require large upfront licensing fees and ongoing maintenance fees, Bridge is priced differently. There is a relatively small upfront fee and then an ongoing license fee that is directly tied to revenue/premium that the carrier is generating. This means that Oceanwide has skin in the game. They really only make their money off of their product when their clients are successful. This enables both parties, carrier and Oceanwide, to push jointly for a successful outcome.

For this project, a joint team was created and worked as one team from the outset. The team met in person a number of times, and communication was frequent and clear in both directions. Both sides, carrier and vendor, were very comfortable sharing ideas, troubleshooting and solving problems, and working toward a common goal.

One very important benefit Riptide Insurance felt in their selection of Oceanwide was that they did not need to educate Oceanwide on the insurance industry and practices. They felt that the Oceanwide resources were knowledgeable and prepared for what Riptide Insurance was looking for, namely marine and recreational boat experience. Thus, there was no learning curve for Oceanwide on the business side of the program.

The Riptide Insurance resources were all business people, primarily business analysts (BAs). All of the work done by the Riptide Insurance team was configuration-based, which allowed them to maintain a pure business focus, as opposed to an IT focus. Oceanwide was able to provide deep technical needs for the program. Even the senior

business leader within Riptide Insurance was able to roll up his sleeves and be an integral part of the project.

The development process was iterative. The requirements were gathered in the first pass, and an agile project plan was created. The use of agile was greatly enhanced, as both the Riptide Insurance and Oceanwide teams had experience with agile development and delivery. See Figure 1 for a high-level diagram of agile development.

Figure 1: Agile Development

Source: Wikipedia

Most of the implementation activities involved the configuration of the Bridge system and not programming, and as a result, Riptide Insurance's business resources were able to test expected results on an ongoing basis as they developed the solution. The team began with the high-level framework and front end requirements and later added underwriting and rating. The layers that determined the sprints were defined in the first requirements meeting and were successfully deployed with each iteration—each layer building on the previous ones.

Two big advantages Riptide Insurance found with this approach were, first, that the team could quickly identify issues and target resolutions with each iteration, especially with the strong business involvement from Riptide Insurance. Second, there was no training required when the system was deployed, because one key requirement of the system was that it had to be intuitive to the producers and other users. Since some of the Riptide Insurance team members had been producers, and the system features a series of logical screens and workflows with strong error handling and field-level help, this was easy to ensure along the way. In effect, the system is designed in such an intuitive fashion, that no end user training was needed.

Testing usually only took a couple of hours for each iteration, with the worst case taking a couple of days. User acceptance testing (UAT) was done by the joint team and several Riptide Insurance business users who were not part of the development efforts. There were regular feedback sessions, prioritizing the issues and modifications needed. The team credits the high level of communication and trust as to the successful triaging and problem resolution process.

CURRENT STATUS

At the time of this report, six months after the external user production release, Riptide Insurance is significantly ahead of where they expected to be at this time in terms of market penetration and GWP.

THE YACHT INSURANCE SOLUTION

OCEANWIDE BRIDGE

Oceanwide is a provider of hosted insurance software for insurance companies globally. They are based on a four-tenet model of building software for insurance companies that requires collaboration and eliminates data entry redundancy; they have extensive insurance domain industry knowledge and resources to provide their clients business process optimization and best practices; they provide insurance software solutions that minimize total cost of ownership; and they provide pricing options in which they share the risks and rewards of their software solutions. In addition to these four areas, they had an early focus on marine insurance.

Bridge is Oceanwide's insurance distribution solution that automates, controls, and optimizes the distribution of a carrier's insurance products. It is offered on a modular basis and can function as a policy administration solution for certain carriers or can be used to address specific tactical or strategic needs. Bridge's modules include a portal that allows agents to generate quotes, bind coverage, and issue policy documentation quickly, a fully integrated underwriter workstation, a rating and rules engine, a document management and generation tool, upload and download capability to agency management systems, and integrated reporting and analytics using IBM's Cognos software. (See Figure 2 for a depiction of the Bridge solution on a modular basis.)

Bridge is offered through the cloud but can also be deployed in-house if required. It is a Software as a Service (SaaS) offering that automates sales, submission processing, and underwriting and policy management and enables agents to provide real time support and improved service to customers. As a cloud-based offering, a carrier is able to avoid many of the high infrastructure costs and delays associated with procuring and spinning up new development, integration, Q/A, and production environments. Development can begin as soon as requirements are known. In addition, operating system and application server licenses are also avoided.

The system is designed to allow business users to expediently design highly specialized insurance product offerings through on-screen configuration. No coding is required. Bridge also has built-in multi-language and multicurrency functionality.

The system architecture of Bridge is based on Microsoft .NET and SQL Server. Bridge leverages web standards JavaScript, AJAX, and CSS 2 and supports the primary browsers.

RIPTIDE INSURANCE SYSTEM

The Riptide Insurance solution is based on the Oceanwide Bridge SaaS offering, integrated with their existing back end system. The solution provides role-based access for underwriters, producers, and super users, and view-only screens for authorized internal Riptide Insurance users.

Users are able to configure their home screen to better meet their daily processes and needs. Agents and underwriters are able to view all their submissions and bound policies. They can select a particular policy and see more detailed information about the policyholder, as shown in Figure 3, or the actual yacht, as shown in Figure 4.[4]

---

[4]All of the screenshots shown in this case study are examples only and do not represent real policyholders or policies.

Figure 3: Policyholder Information

Source: Oceanwide

Figure 4: Vessel Information

Source: Oceanwide

Riptide Insurance made several design decisions to enhance the user experience. All documents used by Riptide Insurance in their automated processes are generated by Bridge. Emails are separate from the systems and handled by Riptide Insurance's existing email solution.

The solution is able to handle taxes and surcharges and provides service in all 50 states. The system allows the user to dump screens to Excel or other desired formats.

Bridge provides many out-of-the-box (OOTB) reports, and all the reports can be exported to Excel. Oceanwide is moving toward providing XML reports as well in a future release. See Figure 5 for an example of a report screen.

Figure 5: Product Master Cover Report
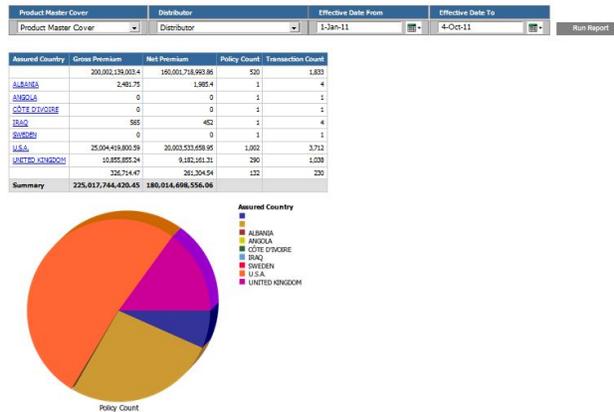
Source: Oceanwide

LESSONS LEARNED

Although the project has been very successful, there are always lessons learned, or lessons learned from prior projects that were successfully employed. One of the lessons learned from Riptide Insurance's past and successfully used in this project was to select a vendor with deep insurance knowledge and experience. Many carriers find that when they select a vendor that does not have good insurance knowledge, they waste time and effort educating the vendor on the insurance industry and have more rework due to miscommunications between what the carrier is expecting and the vendor is providing.

Another past lesson learned that was used to ensure the project's success was to focus on defining where the carrier needs to go and not spend time on how the project team will get things done. Riptide Insurance's experience is that it is more efficient and productive when you leave the details open for best paths forward. Start with the big picture and move down into the details when appropriate in the process.

It is essential that the carrier does not underestimate what they will have to contribute to the process. Riptide Insurance found that, at the end of the day, the project required more than a full-time job to stay involved whole continuing to process business as usual. The more involved the business is in the project, the shorter the delivery cycles; the less involved the business is, the longer the delivery cycles.

Finally, another key element to a fast and efficient production delivery is to leverage the vendor's experience and expertise with respect to best practices with their system. There are typically multiple options with building a solution on a vendor's product, and not every option is the most efficient or effective. Making the vendor part of the team, especially one that "puts skin in the game," helped create a highly focused, delivery-oriented team.

CONCLUSION

Riptide Insurance was faced with the challenge of expanding their marine product offerings to include the yacht insurance business. They knew the tight timeframe demands to select a vendor system, negotiate, sign, and procure the solution and infrastructure, and implement in less than six months, would be extremely challenging. They addressed the issues through highly selective people, technology, and process decisions.

Riptide Insurance first brought in highly experienced resources with existing yacht insurance backgrounds. In addition, they selected resources that had prior experience with vendor selection and system implementation experience. This team knew the value of selecting a vendor that had deep insurance knowledge, a configurable SaaS solution, and was willing to step up and build a true partnership into the licensing agreement. Both Riptide Insurance and Oceanwide benefited from a successful, on-time delivery, and both shared the risks if the joint team failed.

Riptide Insurance was aware that they could not build the solution in-house, so they selected the best technology to front their existing back end system for yacht insurance. After evaluating several vendors, they decided that only Oceanwide's Bridge insurance distribution/portal solution could meet all their requirements within the short delivery time table. They felt that Bridge could provide 95% of the functionality out of the box, and that Oceanwide would be able and committed to developing the remaining 5% and any additional requirements that were discovered along the way. Oceanwide's Bridge product also allowed Riptide Insurance to build an all business team to design and develop the final solution jointly with Oceanwide resources.

Leveraging an iterative, agile process on a cloud-based solution, the combined project team was able to quickly see business functionality realized and easily test the sprint's results. The iteration layers were defined at a high level early in the process, and each layer built on the preceding ones. This was enabled by a success-based pricing model that fostered a true vendor/carrier partnership with shared risk.

By putting the right resources, joint Riptide Insurance and Oceanwide, selecting the appropriate technology solution for the business objectives, and adhering to a fast deployment process, Riptide Insurance successfully deployed a yacht insurance solution in eight weeks to their existing marine portfolio, exceeding their revenue and business objectives to date.

Was this report useful to you? If you'd like to take a brief survey, please click here.

LEVERAGING CELENT'S EXPERTISE

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

SUPPORT FOR FINANCIAL INSTITUTIONS

Typical projects we support related to core system selection and implementation include:

Vendor short listing and selection. We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

Business practice evaluations. We spend time evaluating your business processes. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. We collect perspectives from your executive team, your front line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

SUPPORT FOR VENDORS

We provide services that help you refine your product and service offerings. Examples include:

Product and service strategy evaluation. We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

Market messaging and collateral review. Based on our extensive experience with your potential clients, we assess your marketing and sales materials—including your website and any collateral.

RELATED CELENT RESEARCH

Policy Administration System Vendors: North American Commercial P/C Insurance 2011
September 2011

Policy Administration System Vendors: North American Personal P/C Insurance 2011
September 2011

For more information please contact info@celent.com or:

Benjamin Moreland   bmoreland@celent.com

NORTH AMERICA

USA

200 Clarendon Street, 12th Floor
Boston, Massachusetts 02116

Tel.: +1.617.262.3120
Fax: +1.617.262.3121

USA

1166 Avenue of the Americas
New York, NY 10036

Tel.: +1.212.541.8100
Fax: +1.212.541.8957

USA

Four Embarcadero Center, Suite 1100
San Francisco, California 94111

Tel.: +1.415.743.7900
Fax: +1.415.743.7950

EUROPE

France

28, avenue Victor Hugo
75783 Paris Cedex 16

Tel.: +33.1.73.04.46.19
Fax: +33.1.45.02.30.01

Germany

Marstallstrasse 11
80539 Munich

Tel: +49.89.242.68.581
Fax: +49 89.939.495.21

United Kingdom

55 Baker Street
London W1U 8EW

Tel.: +44.20.7333.8333
Fax: +44.20.7333.8334

ASIA

Japan

The Imperial Hotel Tower, 13th Floor
1-1-1 Uchisaiwai-cho
Chiyoda-ku, Tokyo 100-0011

Tel: +81.3.3500.3023
Fax: +81.3.3500.3059

China

Beijing Kerry Centre
South Tower, 15th Floor
1 Guanghua Road
Chaoyang, Beijing 100022

Tel: +86.10.8520.0350
Fax: +86.10.8520.0349

India

Level 14, Concorde Block
UB City, Vittal Mallya Road
Banglalore, India 560001

Tel: +91.80.40300538
Fax: +91.80.40300400